

Minutes of the Market Performance Committee Meeting 75

20 July 2023 | 09:30 – 15:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: FINAL

MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Gerard Lyden	GL	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Fallon Wilkinson	FW	Retailer Committee Member	Adam Boyns	AB	Customer Representative Committee Member
Shaun Kent	SK	Ofwat Representative*	Adam Richardson	AR	MOSL Representative*

* Non-Voting Members of the Committee

OTHER ATTENDEES

Sam Webb	SW	MOSL Presenter	Miles Robinson	MR	MOSL Presenter
Axelle Saada	JG	MOSL Presenter	Sarah McMath	SMc	MOSL Presenter
Markus Lloyd	ML	MOSL Presenter	Nichola Vincendeau	NV	MOSL Observer
Evan Joanette	EJ	MOSL Presenter			

APOLOGIES

Sean Mills	SM	Ofwat Representative*	Neill Pendle	NP	Retailer Committee Member
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CLOSED SESSION

1. Welcome and Introductions

- 1.1. The Chair welcomed everyone to the Market Performance Committee (“Committee”) meeting and noted that apologies for absence had been received from NP and SM.
- 1.2. The Chair reminded Committee members of the requirement to act impartially and not in the interest or as a representative of any organisation or individual. If Committee members believed they had an actual or perceived conflict they should declare this at the start of the meeting or before an agenda item. No conflicts of interest were declared.
- 1.3. It was confirmed that the meeting was quorate. Apologies were received from SM and NP and AB and SMc both confirmed ahead of the meeting that they would be late.

2. Setting the focus for the Day

- 2.1. The Committee noted a brief outline on the areas to “workshop”. The Chair asked the Committee to share their expectations for the day. The Committee agreed that they wanted clarity about what comes next for MPC and their role in the MPF Reform.
- 2.2. It was agreed that for those members of the MPC who do not sit on the Performance Advisory Group (PAG) there was a need of a more in depth understanding of the MPF Reform.
- 2.3. It was agreed that the main areas the Committee wanted to clarify were: Why are these the most important things to focus on now, how could the Committee be assured that they are the most important areas and will these areas of focus benefit the end customer?

3. MPF Reform – Interim Improvements

- 3.1. The Committee explored the MPF Reform programme, in how it relates to performance (with particular reference to Bilaterals) and potential API adjustments. The following key points were raised:
 - The Code Change [CPW144](#) that was endorsed by the PAG. It incentivises the raising of bilateral requests to reduce Long Unread Meters (LUMs) by suspending MPS 18/19 charges and performance calculations where B5/C1 requests are open. This encourages retailers to raise requests in a timely manner and these requests are subject to incentivisation under OPS charges. Waiving of charges and performance calculations is conditional to those processes that sit in the bilateral hub. They are temporarily suspended whilst wholesalers identify the issues with that meter.
 - Charges for reads from private meters or reads by accredited entities (MPS 4, 8 and 9) are also removed.
 - Two potential APIs were suggested, one that measures the lateness of C1/B5 requests that have failed their SLA and the other that measures deferred requests and average length of length of deferrals.
 - The proposed plan was to release within MyMOSL and to ensure that the setup was correct and finesse where necessary as has been done before with holistic reporting.
- 3.2. It was noted that there should be no point in the process where customer issues are not being driven forward. The Committee was invited to give some feedback. It was felt that the change aligned well with better customer outcomes that come with meter reading and more accurate billing. It was felt that the wholesaler benefits (namely the removal of MPS 4, 8 and 9) made sense to address as part of this change. These amendments addressed wholesaler’s lack of ability to satisfy these standards which were impacted by other parties. They were included in this wider change because making such adjustments in isolation of other changes may not be worthwhile due to the relatively low volume of tasks associated with these measures.

- 3.3. Some members suggested that, subject to the availability of granular detail, it may be that certain deferral reason codes would not be excluded from charges, where one Trading Party may be responsible for taking action even if it is in the bilateral hub. It was suggested that the audit would help identify issues with deferrals and the APIs, in principle, could incentivise and drive better behaviours amongst trading parties. Care is needed as deferrals, as permitted in the Codes, are not necessarily a negative thing. The reason code may also indicate issues relating to Retailer performance (such as obtaining accurate customer contact details).
- 3.4. There was a desire to see quantitative data that would support the proposal and identify how many Long Unread Meters (vacant as opposed to occupied) so that when this comes before the Code Change Committee it does not feel like a leap of faith. Another area of concern was around bulk submissions and that these are not going through the hub, but it was also suggested that this should not delay the change.
- 3.5. It was suggested that removing those things over which the trading party has no control from the metrics has an innate value of its own in terms of customer outcomes. It was agreed that, in terms of long-term MPF reform, it is important to identify the accountable party; the focus for the end customer is the resolution of billing issues and not who is responsible for these issues between wholesaler and retailer.
- 3.6. The Chair thanked EJ and MR for their presentation and noted that it would be useful for independents to have some more clarity about the charging and incentives and how they flow through to the trading parties and customers. Clarity would also be appreciated about the numbers involved around meters as well as charges.

4. Complementary API amendments

- 4.1. The Committee participated in a workshop and discussion on what is being proposed in this area to complement direction of travel set by MPF Reform (including vacancy APIs and treatment of vacancy within LUM reporting). The following key points were raised:
 - Two APIs were proposed, one for the Retailer to exclude LUMs with open C1/B5 bilateral requests (around 3800 LUMs of today's 14K Occupied LUMS would fall into this category) and a Wholesaler LUM to show those LUMs removed from retail LUM API due to open bilats and now awaiting action by Wholesaler.
 - Adding a new indicator for Wholesalers for Data Assurance: data accuracy reporting was suggested; this would start as a Market Indicator initially (in September, in line with the Data Assurance project but behind the firewall to ensure the quality of the detail) with a view for it to become an API in the 2024/25 Financial Year.

- Vacancy would continue to be monitored, but because it can drive certain unwanted behaviours, it would be removed from holistic reporting.
- 4.2. The concern was raised that if the Vacancy with Consumption indicator, was removed, there would be fewer opportunities to monitor performance (and encourage better performance) in terms of holistic overview for Retailers. It was noted that the current indicator did not appear to be driving improvements on vacancy, so it would be useful to have information on how many vacant property meters are being read. This was echoed by other members of the MPC in light of Performance Reviews with trading parties at MPC meetings.
- 4.3. With the Wholesaler LUM measure, it was suggested that the deferred element was removed from the measure or the types of deferrals were (at least) taken into account. It was confirmed that this will feature in the consultation.
- 4.4. It was noted that the proposals make sense, particularly in light of MPF Reform and having a leaner set of measures that monitor and report on the correct areas. It was also noted that the Data Cleanse Service work should not be used as performance indicator at this time as some members of the Committee suggested that they are not confident of the data yet.
- 4.5. The Chair thanked ML for this presentation and noted that whilst supportive of the proposals, there remain areas where there are not the correct incentives in the market particularly around vacancy measures. It was agreed that the Committee should continue to monitor vacancies and that MOSL could put together some information on how vacancies will be reviewed.

Action: MOSL to bring an illustration of this to MPC77

- 4.6. There was a desire to hear more from MOSL on potential APIs around Vacancies in a “second tranche” at some point before the end of the year to explore the proposals at an early stage with a view to developing these into either new Market Indicators or APIs or adjustments to existing APIs.

Action: MOSL to bring these to November/December MPC meetings

- 4.7. There is also a larger question about Vacancy as a topic and there was a desire to discuss this area in more detail, preferably with a bit more context following the Data Cleanse piece and looking at the subject without solely focussing on incentivisation.

Action: MOSL to come back and update on this, at the February 2024 MPC at the earliest

5. Timetable moving forward

- 5.1. The Committee participated in a workshop and discussion on the MPF reform rollout approach and timing of any API amendments, raising the following key points:

- The MPC was generally supportive of CPW144. It was suggested that MOSL feed back the lessons learned from the Interim Improvements to the MPF Reform team so that MPC do not lose any benefit from this.
- The MPC voted on whether they felt that there should be an API that measures lateness (C1/B5) that have failed their SLA. This received unanimous approval by the MPC. There was a vote on a second API that captures the average length of deferral. This was not agreed by MPC, there was a majority vote against this (4 members voted against the API being adopted, 3 members voted for the API being adopted). There will be a review before any new API will come out MyMOSL and become part of the holistic reporting in April 2024.
- It was agreed that the second proposed API could become a Market Indicator rather than something that feeds into holistic reporting. This will provide good visibility on the amount of time that customer's requests are not being addressed. Market Indicators, under the current MPF reform will be visible but we won't use it to escalate trading parties.
- There are options to either take the new APIs out from behind the firewall (on MyMOSL) in line with the Code Change (CPW144) or delay until the beginning of the next Financial Year.
- Metrics with attached incentives and interventions that are introduced as part of the new MPF that "double up" on existing measures will result in the existing ones being withdrawn.
- The MPC noted that MOSL was publishing more information on the metrics and tools that would form the basis of MPF 2.0 (including the governance that sit around those) ahead of consultation in early September 2023.
- The Panel will be given the opportunity to give the go-ahead for the next Phase of MPF reform in the Autumn (based on the outcome of the forthcoming consultation). The MPF reform programme and the Panel will look at governance as part of this piece, including the future of the MPC.
- A proposed Performance Assurance Committee may provide the decisions that fall outside of the remit of the Market Operator and current thinking is that, subject to Panel approval, MPC members could extend their terms of office by one year (maximum) to allow performance management to continue until the new committee had been recruited and installed.

5.2. The Chair thanked AR for the presentation. MOSL will keep updating the MPC on forward plans.

6. Future Audits

6.1. The Committee discussed current thinking on audits under the new MPF and raised the following key points:

- The Bilaterals audit is underway and the Yearly Voluntary Estimates (YVE) audit will be carried out next (the statement of work has been published). We will be looking at SKIP Codes, Tariffs, etc., at a later date.
- It seems likely that Audits will be an important tool in MPF 2.0. This is still work in progress and the audits should be able to be divided into regular drops and there will still be targeted audits based on the risks and issues tracker.
- Work is in progress to keep the risk and issues tracker up to date as well as continuing to consult with the wider industry as this will form the basis of how we target audits going forward.

6.2. The Chair thanked AS and SW for her presentation.

7. Tabled Update: Ofwat

7.1. The Committee noted an update from Ofwat on BR-Mex.

8. AOB and Reflections

8.1. The Committee members reflected on the meeting.

9. MPC Business

9.1. The Committee agreed to review the Closed and Open Session Papers for this meeting ex-committee. The minutes for MPC74 were approved ex-committee.

9.2. There being no further business, the Chair closed the meeting.